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Message Text

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64
ACTION EB-11

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E.O. 11652: N/A
TAGS: ETRN, UK
SUBJ: CIVAIR - LAKER AIRWAYS

1. FINANCIAL TIMES FOR AUGUST 1 CARRIES ARTICLE BY JAY PALMER DATELINED NEW YORK WHICH REPORTS CAB HAS RECOMMENDED THAT LAKER SKYTRAIN APPLICATION BE DENIED ON "FITNESS" GROUNDS AND THAT CASE NOW AWAITING FINAL DECISION IN WHITE HOUSE. ARTICLE STATES WHITE HOUSE DECISION WILL BE DIFFICULT BECAUSE ON ONE HAND APPLICATION CONSISTENT WITH US/UK BILATERAL AGREEMENT BUT ON OTHER HAND USG COMMITTED TO RESCUE FINANCIALLY CRIPPLED US AIRLINES WHOSE REVENUES MIGHT BE AFFECTED IF SKYTRAIN SERVICE APPROVED. WRITING FROM LONDON, FT AEROSPACE CORRESPONDENT STATES DISAPPROVAL OF SKYTRAIN APPLICATION WOULD BE BITTER DISAPPOINTMENT AND HEAVY FINANCIAL BLOW FOR LAKER AIRWAYS. DISAPPROVAL ALSO SAID LIKELY TO ANGER CIVIL AVIATION AUTHORITY TO POINT OF CONSIDERING RETALIATORY ACTION AGAINST US AVIATION.

2. ON DAY FT ARTICLE APPEARED, DEPUTY ASSISTANT SECRETARY WALDMANN, WHO WAS IN LONDON FOR BILATERAL EXCHANGE OF VIEWS ON ICAO ASSEMBLY ISSUES, MET WITH CAA CHAIRMAN BOYD-CARPENTER, AT LATTER'S REQUEST, TO DISCUSS SKYTRAIN APPLICATION. ALSO PRESENT AT MEETING WERE
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DEPUTY CAA CHAIRMAN GOODISON, HEAD OF CAA ECONOMICS

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DIVISION, COLEGATE, DEPUTY SECRETARY FOR AVIATION AND SHIPPING, DEPARTMENT OF TRADE, DAVID HUBBACK AND EMBOFF. BOYD-CARPENTER NOTED FT REPORT REFERRED TO ABOVE AND SAID HE HAD RECEIVED SIMILAR INFORMATION ELSEWHERE WHICH, HE SAID, WAS CAUSING HIM AND HIS COLLEAGUES IN UKG VERY SERIOUS CONCERN. HE SAID HE BELIEVED US ALREADY ACTING CONTRARY TO SPIRIT OF BILATERAL AGREEMENT BECAUSE OF 14-MONTH DELAY IN ISSUANCE OF SKYTRAIN PERMIT. IF US NOW WERE TO DISAPPROVE APPLICATION, IT WOULD RAISE GRAVE QUESTIONS AS TO CONTINUED VALIDITY OF AIR SERVICES AGREEMENT AND WOULD CREATE VERY DIFFICULT PROBLEMS IN OUR BILATERAL AVIATION RELATIONS.

3. BOYD-CARPENTER SERIOUSLY QUESTIONED POSSIBLE USE OF AIRLINE'S "FITNESS" AS BASIS FOR DENIAL OF PERMIT APPLICATION. HE SAID IN UK VIEW, QUESTION OF "FITNESS" CENTERED ON WHETHER AIRLINE HAD (A) ADEQUATE FINANCIAL SUPPORT, (B) OPERATIONAL COMPETENCE, AND (C) SERIOUS INTENT TO OPERATE PROPOSED SERVICE. LAKER FULLY SATISFIED THESE CRITERIA. MORE IMPORTANTLY, HE SAID, THE UK LEAVES QUESTION OF A US AIRLINE'S FITNESS TO US AUTHORITIES TO JUDGE AND, IN TURN, WOULD EXPECT US TO LET UK AUTHORITIES TO PASS JUDGMENT ON FITNESS OF UK AIRLINES. TO DO OTHERWISE, BOYD-CARPENTER SAID, WOULD BE AN "AFFRONT" TO CAA AND TO UKG AND WOULD GRAVELY DAMAGE BILATERAL AVIATION RELATIONS. IF US HAD EVIDENCE OF SERIOUS IMPROPRIETY ON PART OF LAKER, IT SHOULD BE SHOWN TO UK AUTHORITIES.

4. BRITISH SAID THEY UNDERSTOOD THAT US CARRIERS WERE IN SERIOUS FINANCIAL DIFFICULTIES AND UK HAD NO DESIRE TO DO THINGS WHICH MIGHT AGGRAVATE THOSE PROBLEMS. UK RECOGNIZED THAT WELL-BEING AND VIABILITY OF PANAM AND TWA WERE AN ESSENTIAL ELEMENT IN HEALTHY AIR TRANSPORT SYSTEM. THEY SAID THEY ALSO REALIZED THAT THE AVIATION SITUATION HAD CHANGED SIGNIFICANTLY SINCE SKYTRAIN EXPERIMENT WAS LICENSED BY UK. WITH THIS IN MIND, THEY SAID THEY WOULD BE WILLING TO DISCUSS WITH US AUTHORITIES CONDITIONS UNDER WHICH A SKYTRAIN SERVICE MIGHT BE OPERATED. BOYD-CARPENTER AND OTHERS, HOWEVER, STRESSED THAT LIMITED OFFICIAL USE

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THEY COULD NOT ACCEPT US DISAPPROVAL OF THE APPLICATION. IN THEIR VIEW, THIS ISSUE OF PRINCIPLE WAS MORE IMPORTANT THAN HOW THE SKYTRAIN SERVICE OPERATED.

SOHM

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